



KAGISANO-MOLOPO LOCAL MUNICIPALITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Annual Financial Statements

for

KAGISANO-MOLOPO LOCAL MUNICIPALITY

for the year ended 30 June 2015

Province:

North West

KAGISANO-MOLOPO LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015

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POSTAL ADDRESS

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MUNICIPAL EMAIL ADDRESS

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**ACCOUNTING OFFICERS RESPONSIBILITIES AND APPROVAL OF THE ANNUAL
FINANCIAL STATEMENTS**

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The external auditors will express an opinion on whether the financial statements are prepared, in all material aspects, in accordance with the reporting framework and will be given unrestricted access to all financial records and related data.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The municipality is wholly dependent on the grant funding for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern. The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2015 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements, which are prepared on the going concern basis as set out on pages **10** to **68** have been signed by myself on behalf of the Municipality on 31 August 2015.

A.R. Khuduge
Accounting Officer

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REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

These management financial statements are prepared in terms of the Section 122 of the Municipal Finance Management Act and presents a report on the status of this municipality's performance against its budget, the management of its revenue, expenditure, assets and liabilities, its operational activities, financial results and the municipal financial position as at 30 June 2015.

2. BASIS OF ACCOUNTING

These Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance as detailed in the Significant Accounting Policies section.

3. REVIEW OF OPERATING RESULTS

3.1 General

Details of the operating results per vote and classification of revenue and expenditure are included in Appendices D and E. The overall operating results for the period ended 30 June 2015 are as follows:

	Actual 2014 R	Actual 2015 R	Variance 2014/2015 %	Budget 2015 R	Variance Actual/Budget %
Revenue	123 593 211	125 748 004	1.7%	104 373 000	18.4%
Expenditure	(129 028 361)	(152 168 313)	15.2%	(129 137 008)	-0.1%
Other	(1 160 667)	373 613	0.0%	-	-100.0%
Nett surplus for the year	(6 595 817)	(26 046 696)	294.9%	(24 764 008)	5.2%

For explanations of significant variances refer Appendix D and Statement of Actual versus Budget.

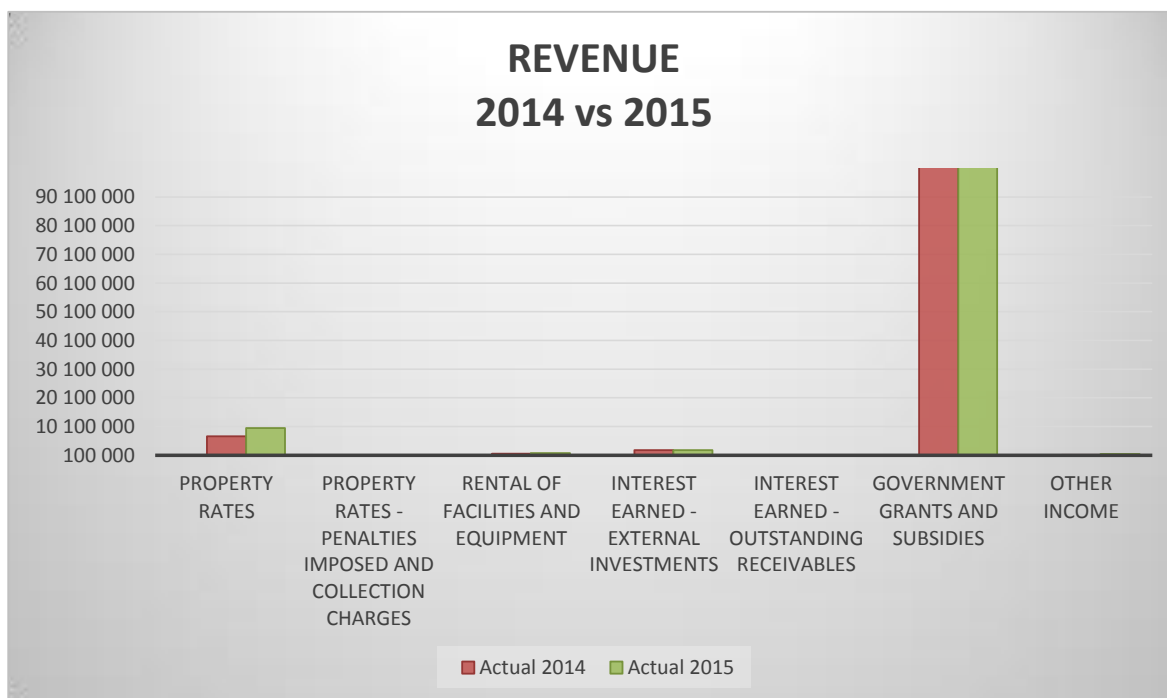
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3.2 Revenue

The detail breakdown of operating revenue is as follows for the period ended 30 June 2015:

	Actual 2014 R	Actual 2015 R	Variance 2014/2015 %	Budget 2015 R	Variance Actual/Budget %
Property Rates	6 692 201	9 547 738	42.7%	9 804 000	2.7%
Property rates - penalties imposed and collection charges	-	-	100.0%	-	0.0%
Rental of facilities and equipment	691 177	852 383	23.3%	1 250 000	46.6%
Interest earned - External Investments	1 865 683	1 843 835	-1.2%	1 100 000	-40.3%
Interest earned - Outstanding Receivables	-	-	0.0%	-	0.0%
Government grants and subsidies	114 182 911	112 930 968	-1.1%	91 589 000	-18.9%
Other income	161 239	573 079	255.4%	630 000	9.9%
Total revenue	123 593 211	125 748 004	1.7%	104 373 000	-17.0%

For explanations of significant variances refer Appendix D and Statement of Actual versus Budget.

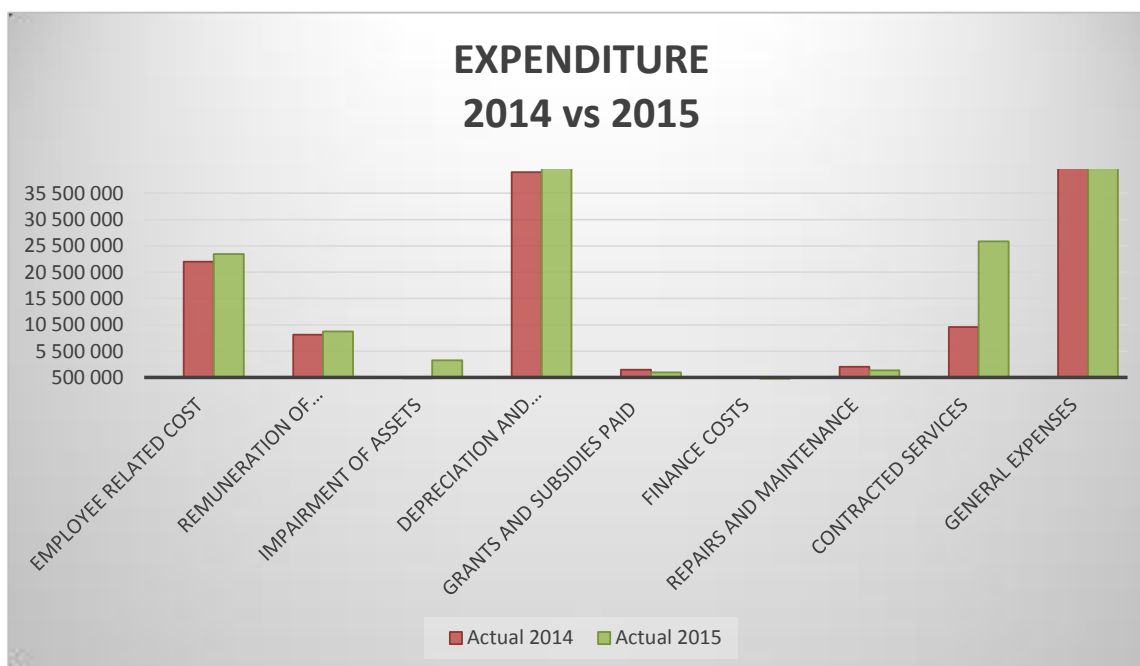


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3.3 Expenditure

	Actual 2014 R	Actual 2015 R	Variance 2014/2015 %	Budget 2015 R	Balance remaining on %
Employee related cost	22 515 681	23 945 237	6.3%	27 204 951	13.6%
Remuneration of councillors	8 604 101	9 241 574	7.4%	9 113 624	-1.4%
Impairment of Assets Depreciation and amortisation	347 718	3 730 056	0.0%	2 836 000	-24.0%
Grants and subsidies paid	39 496 016	41 963 012	0.0%	21 800 000	-48.0%
Finance Costs	1 990 903	1 448 018	100.0%	1 350 000	-6.8%
Repairs and maintenance	561 653	283 818	-49.5%	125 000	-56.0%
Contracted services	2 533 571	1 849 792	-27.0%	1 580 000	-14.6%
General Expenses	10 080 659	26 370 834	161.6%	24 380 000	-7.5%
	42 898 060	43 335 972	1.0%	40 747 433	-6.0%
Total expenditure	129 028 361	152 168 313	17.9%	129 137 008	-15.1%

For explanations of significant variances refer Appendix D and Statement of Actual versus Budget.

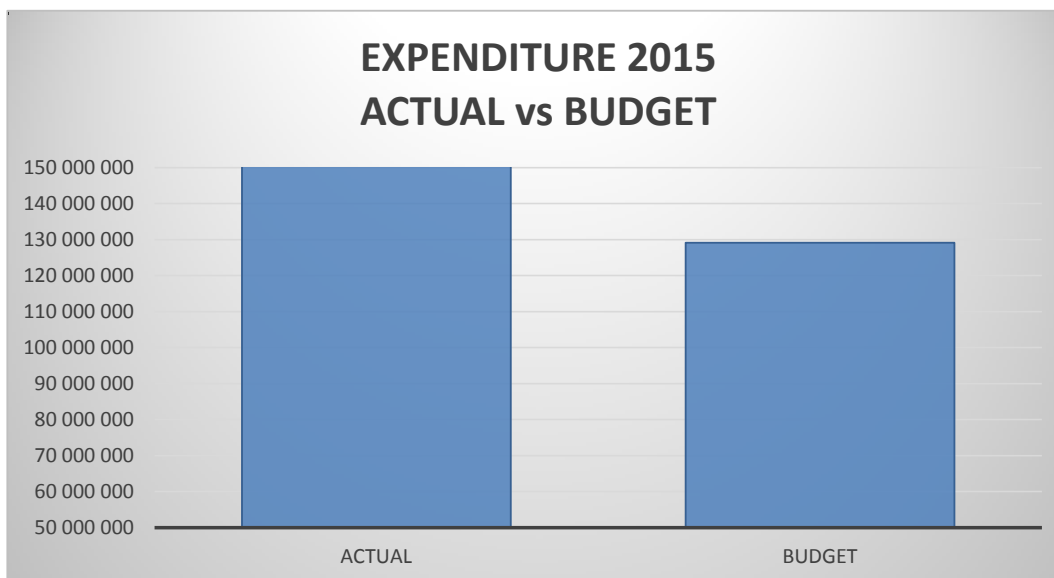


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3.4 Budget

The total operating budget performance is summarized as follows:

	Actual 2014/2015 R	Budget 2015 R	Balance remaining on budget	
			R	%
Expenditure	152 168 313	129 137 008	(23 031 305)	-17.8%



4. CONDITIONAL GRANTS

	Unspent Grant Opening Balance	Current year receipts	Conditions met	Unspent Grant Closing Balance
		R	R	R
MIG Grant	4 848 222	19 547 000	(24 395 221)	-
DSAC - Libraries	927 173	580 000	(626 748)	880 425
FMG Grant	-	2 588 000	(2 588 000)	-
MSIG Grant	-	930 000	(930 000)	-
EPWP Grant	-	1 000 000	(1 000 000)	-
LGSeta	206	56 700	-	56 906
Total	5 775 601	24 701 700	(29 539 969)	937 332

5. CONCLUSION

I would like to extend my appreciation to the Mayor, Councillors, Municipal Manager, Management, all staff members and all other role players for their support, assistance and participation in getting the job done in the 2014/2015 financial year to date.

O.O. Ntsimane (Acting)
31 August 2015

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SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003) including any exemptions and directives issued by the accounting standards board (ASB).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

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1.5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION AND UNCERTAINTY

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET

1.6 EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality. The nature of the impending changes in accounting policy and the impact on the Municipality's financial statements once implemented are as follows:

<u>GRAP Standard</u>	<u>Effective date as determined by Minister of Finance</u>	<u>Possible Impact on the financial statements on initial application</u>
GRAP 20 - Related Party Disclosures	Unknown	Full disclosure of nature and effect all related party transactions of management, their close members of family,
GRAP 108 - Statutory Receivables	Unknown	Recognition and measurement of statutory receivables. Disclosure of statutory receivables to enable users of the financial statements to evaluate the significance of statutory receivables on its financial position and performance.

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2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

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2.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure	
Roads network	10-70
Electricity network	45
Stormwater network	30-50
Landfill Site Perimeter Protection and structures	10-55
Community	
Buildings	30
Recreational Facilities	30
Cemeteries	30
Halls	30
Libraries	30
Civic Buildings	30
Other assets	15-30
Other	
Office equipment	7
Furniture and fittings	7
Emergency equipment	5
Computer equipment	5
Machinery and Equipment	5-10
Official Vehicles	7
Other assets	5-10

The residual value and the useful life of an asset is reviewed at each reporting date to determine if there is any indication that the municipality's expectations about the residual value and the useful life of the asset have changed since the preceding reporting period. If any such indication exists, the municipality shall revise the expected useful life and/or residual value accordingly. Any changes are recognised as a change in accounting estimate in accordance with GRAP 3.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the surplus or deficit.

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2.4 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, and licences. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

An intangible asset arising from development (or from the development phase of an internal project) shall be recognised if, and only if, an entity can demonstrate all of the following:

- (a) The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- (b) Its intention to complete the intangible asset and use or sell it.
- (c) Its ability to use or sell the intangible asset.
- (d) How the intangible asset will generate probable future economic benefits or service potential. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- (f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially measured at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairments. The depreciable amount of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

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3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the depreciable amount or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	5
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The construction or development of a self-constructed investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in surplus or deficit.

4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

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4.3 DERECOGNITION

An investment property shall be derecognised (eliminated from the statement of financial position):

- (a) on disposal (including disposal through a non-exchange transaction) or;
- (b) when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in surplus or deficit (unless the Standard of GRAP on Leases requires otherwise on a sale and leaseback) in the period of the retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up shall be recognised in surplus or deficit when the compensation becomes receivable.

5 NON-CURRENT ASSETS HELD FOR SALE

5.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

5.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

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6 FINANCIAL INSTRUMENTS

6.1 INITIAL RECOGNITION

When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

6.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit.

Financial assets and financial liabilities after initial recognition using the following categories:

- at fair value;
- at amortised cost;
- at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review at each reporting date.

6.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

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6.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

6.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables, accruals, borrowings and consumer deposits. They are categorised as financial liabilities held at amortised cost.

When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

6.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

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7 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

8 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

9 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

10 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

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A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

11 LEASES

11.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, at the interest rate implicit in the lease. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Lease payments under an operating lease shall be recognised as an expense in the statement of financial performance on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

11.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

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12 REVENUE

12.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold/percentage of completion, the value of which approximates the consideration received or receivable.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

12.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

12.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

13 EXPENDITURE

Expenditure is recognised once there is a decrease in economic benefits or service potential during the financial period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets.

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14 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

15 RETIREMENT BENEFITS

Defined Contribution Plan

The municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entailing them to the contributions.

16 IMPAIRMENT OF ASSETS (CASH-GENERATING AND NON-CASH GENERATING)

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an cash-generating or non-cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units and non-cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets.

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for the year ending 30 June 2015

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or
A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

17 CAPITAL COMMITMENTS

Capital Commitments disclosed are the estimated amounts of capital contracts remaining to be executed after year-end.

18 VALUE ADDED TAXATION (VAT)

The municipality accounts for value added taxation on the accrual basis.

19 EMPLOYEE BENEFITS

19.1 LONG-SERVICE AWARDS

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued at each reporting date by an independent qualified actuary and the corresponding liability is raised.

Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

20 RELATED PARTIES

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality. Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

KAGISANO-MOLOPO LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2015

	Note	2015 R	2014 R
ASSETS			
Current assets			
Cash and cash equivalents	1	26 096 227	26 602 778
Trade receivables from non-exchange transactions	2.1	477 447	11 692 887
Trade receivables from exchange transactions	2.2	823 105	735 237
Other receivables from non-exchange transactions	3	511 674	1 196 047
VAT receivable	4	10 831 557	16 432 713
Non-current assets			
Property, plant and equipment	5	943 313 771	947 367 596
Intangible Assets	6	105 727	80 191
Investment Properties carried at fair value	7	41 593 000	41 229 000
Total assets		1 023 752 508	1 045 336 448
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	8	14 003 970	16 058 965
Current provisions	9	22 279 799	10 973 126
Current portion of unspent conditional grants and receipts	10	937 332	5 775 600
Long service award liability	11	50 466	37 466
Non-current liabilities			
Long service award liability	11	698 115	661 766
Total liabilities		37 969 681	33 506 924
Net assets		985 782 827	1 011 829 524
NET ASSETS			
Accumulated surplus / (deficit)		985 782 827	1 011 829 525
Total net assets		985 782 827	1 011 829 525

KAGISANO-MOLOPO LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2015

	Note	2015 R	2014 R
Revenue from non-exchange transactions			
Property Rates	12	9 547 738	6 692 201
Government grants and subsidies	13	112 930 968	114 182 911
Revenue from exchange of transactions			
Rental of facilities and equipment	14	852 383	691 177
Interest earned	15	1 843 835	1 865 683
Other income	16	573 079	161 239
Total revenue		125 748 004	123 593 211
Expenses			
Employee related cost	17	23 945 237	22 515 681
Remuneration of councillors	18	9 241 574	8 604 101
Impairment of Assets	19	3 730 056	347 718
Grants and subsidies paid	20	1 448 018	1 990 903
Depreciation and amortisation	21	41 963 012	39 496 016
Finance Costs	22	283 818	561 653
Repairs and maintenance		1 849 792	2 533 571
General Expenses	23	43 335 972	42 898 060
Contracted services	24	26 370 834	10 080 659
Total expenses		152 168 313	129 028 361
Gain / (loss) on sale of assets	25	9 613	(297 019)
Gain / (loss) on fair value adjustments		364 000	(863 648)
Surplus / (deficit) for the period		(26 046 696)	(6 595 817)

KAGISANO-MOLOPO LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2015

	Note	Total Net Assets
Balance as previously reported at 30 June 2013		318 965 898
Correction of Error	27	693 444 985
Restated balance at 30 June 2013		1 012 410 885
Correction of Error against accumulated surplus / (deficit) balance	27	6 014 456
Surplus / (deficit) for the period previously reported		24 128 318
Adjustments to surplus / (deficit) for the period	27	(30 724 135)
Restated surplus / (deficit) for the period		(6 595 817)
Restated balance at 30 June 2014		1 011 829 525
Surplus / (deficit) for the period		(26 046 696)
Balance at 30 June 2015		985 782 827

KAGISANO-MOLOPO LOCAL MUNICIPALITY
CASH FLOW STATEMENT
as at 30 June 2015

	Note	2015 R	2014 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		136 306 607	88 722 036
Sales of goods and services		18 659 081	14 888 137
Grants		108 092 700	72 955 206
Interest received		1 843 835	1 865 683
Other receipts		7 710 991	(986 990)
Payments		97 174 219	76 275 565
Employee costs		21 830 789	31 082 316
Suppliers		75 059 611	42 640 693
Interest paid		283 818	561 653
Other payments		-	1 990 903
Net cash flows from operating activities	26	39 132 388	12 446 471
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(39 595 605)	(40 853 971)
Purchase of intangible assets	6	(59 649)	(90 274)
Proceeds from sale of fixed assets		16 317	1 274 495
Net cash flows from investing activities		(39 638 937)	(39 669 750)
Net increase / (decrease) in net cash and cash equivalents		(506 549)	(27 223 278)
Net cash and cash equivalents at beginning of period		26 602 778	53 826 056
Net cash and cash equivalents at end of period	1	26 096 229	26 602 778

KAGISANO-MOLOPO LOCAL MUNICIPALITY
STATEMENT OF ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)
for the year ended 30 June 2015

	Actual	Adjustments	Variance	Variance	Explanation of significant variances greater than 10% versus budget
	R	Budget	Over/(Underspent)	%	
REVENUE					
Property Rates	9 547 738	9 804 000	(256 262)	-3%	<i>No explanation required</i>
Property rates - penalties imposed and collection charges	-	-	-	0%	<i>No explanation required</i>
Rental of facilities and equipment	852 383	1 250 000	(397 617)	-32%	<i>The decrease is due to the error identified on Wesmark and Telkom that was budgeted for but reversed at year-end.</i>
Interest earned	1 843 835	1 100 000	743 835	68%	<i>No withdrawals were made from any investment accounts, therefore the interest collected was higher during the year under review</i>
Government grants and subsidies	112 930 968	91 589 000	21 341 968	23%	<i>Conditional grants received were spent on applicable projects, furthermore there were also an increase in completed projects during the year, resulting in additional revenue being recognised</i>
Other income	573 079	630 000	(56 921)	-9%	<i>No explanation required</i>
EXPENDITURE					
Employee related cost	23 945 237	27 204 951	(3 259 714)	-12%	<i>The result is due to the staff resignations during 2014-15 financial year.</i>
Remuneration of councillors	9 241 574	9 113 624	127 950	1%	<i>No explanation required</i>
Impairment of Assets	3 730 056	2 836 000	894 056	32%	<i>There was a completeness issue as well as incorrect unit rates applied in the prior year, a total review of the values of the assets took place.</i>
Depreciation and amortisation	41 963 012	21 800 000	20 163 012	92%	<i>There was a completeness issue as well as incorrect unit rates applied in the prior year, a total review of the values of the assets took place.</i>
Grants and subsidies paid	1 448 018	1 350 000	98 018	7%	<i>No explanation required</i>
Finance Costs	283 818	125 000	158 818	127%	<i>Resulting from the late payment of creditors caused by post office strike and non delivery of invoices</i>
Repairs and maintenance	1 849 792	1 580 000	269 792	17%	<i>This is a result of unforeseen damages done to building, e.g. Morokweng Library roof damage due to strong wind, and the increase in servicing and repairs of municipal vehicles.</i>
Contracted services	26 370 834	24 380 000	1 990 834	8%	<i>The result is due to contracted services appointed during 2013-14 and paid for during 2014-15 financial year.</i>
General Expenses	43 335 972	40 747 433	2 588 539	6%	<i>No explanation required</i>

KAGISANO-MOLOPO LOCAL MUNICIPALITY
STATEMENT OF ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)
for the year ended 30 June 2015

	Actual	Adjustments Budget	Variance Over/(Underspent)	Variance	Explanation of significant variances greater than 10% versus budget
	R	R	R	%	
Office of the Mayor	164 806		164 806	0%	
Office of the Speaker	15 974		15 974	0%	
Office of the Municipal Manager	143 662		143 662	0%	
Office of Budget & Treasury	312 882		312 882	0%	
Office of Corporate Services	69 466	2 800 000	(2 730 534)	-98%	Budgeted figures for all capital acquisitions resides with Corporate Services Department. The decrease is a result of Fleet and ICT Infrastructure related assets not procured during 2014-15 financial year.
Office of Community Services	272 503		272 503	0%	
Office of Technical Services	46 432 901	47 100 000	(667 099)	-1%	No explanation required

KAGISANO-MOLOPO LOCAL MUNICIPALITY
STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION
for the year ended 30 June 2015

Description	Original Budget	Budget Adjustments (i.t.o. s28 & s31 Of The MFMA)	Virement (i.t.o. Council Approved By law)	Final Budget	Actual Income	Unauthorised Expenditure	Variance	Actual Income As % Of Final Budget	Actual Outcome As % Of Original Budget
	1	2	3	4	5	6	7	8	9
	R	R	R	R	R	R	R	R	R
Financial Performance									
Property Rates	7 064 000	9 804 000	-	9 804 000	9 547 738		-256 262	97	135
Rental of facilities and equipment	1 250 000	1 250 000	-	1 250 000	852 383		-397 617	68	68
Interest earned	1 100 000	1 100 000	-	1 100 000	1 843 835		743 835	168	168
Government grants and subsidies	91 589 000	91 589 000	-	91 589 000	112 930 968		21 341 968	123	123
Other income	4 780 000	630 000	-	630 000	573 079		-56 921	91	12
Total Revenue	105 783 000	104 373 000	-	104 373 000	125 748 004	-	21 375 004	547	506
Employee Costs	27 204 951	27 204 951	-	27 204 951	23 945 237		-3 259 714	88	88
Remuneration Of Councillors	9 241 574	9 113 624	-	9 113 624	9 241 574		127 950	101	100
Debt Impairment	2 836 000	2 836 000	-	2 836 000	2 016 229		-819 771	71	71
Depreciation & Asset Impairment	21 800 000	21 800 000	-	21 800 000	41 963 012		20 163 012	192	192
Grants and subsidies paid	1 350 000	1 350 000	-	1 350 000	1 444 971		94 971	107	107
Finance Charges	125 000	125 000	-	125 000	302 376		177 376	242	242
Repairs and Maintenance	1 580 000	1 580 000	-	1 580 000	1 827 546		247 546	116	116
Contracted services	7 380 000	24 380 000	-	24 380 000	26 881 035		2 501 035	110	364
General Expenditures	36 747 433	40 747 433	-	40 747 433	44 206 068		3 458 635	108	120
Total Expenditure	108 264 958	129 137 008	-	129 137 008	151 828 049	-	22 691 041	1 136	1 401
Surplus/(Deficit For The Year)	-2 481 958	-24 764 008	-	-24 764 008	-26 080 045	-	-1 316 037	-589	-894

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

Cash at bank	2 166 699	3 889 624
Short-term Investments	23 929 528	22 713 154
	<u>26 096 227</u>	<u>26 602 778</u>

Cash at bank

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account) - ABSA Acc nr: 407801332

Cash book balance at beginning of year	3 889 624	17 714 001
Cash book balance at end of year	<u>2 166 699</u>	<u>3 889 624</u>
Bank statement balance at beginning of year	3 896 074	17 714 001
Bank statement balance at end of year	<u>2 166 699</u>	<u>3 896 074</u>

SHORT-TERM DEPOSITS

Bank & Cashbook Balance

MIG (KLM) (Nedbank - 037881083)	-	(670 489)
MIG (KMLM) - (FNB 62360911202)	21 751 610	20 646 078
FMG (KLML) (62371561062)	2 176 431	2 065 589
MIG Projects	1 487	1 487
	<u>23 929 528</u>	<u>22 713 154</u>

as at 30 June 2013

SHORT-TERM DEPOSITS

Bank & Cashbook Balance

Wild Silk (KLM) (STD - 04 854 815)	1 968 582
FMG (KMLM) (ABSA 4078221060))	761 479
MIG (KMLM)	3 043 828
MSIG (KMLM) (FNB 62360911533)	830 318
MIG (KMLM) - (FNB 62360911202)	23 298 046
Expanding Public works (KMLM) (FNB 62373655673))	720 780
MSIG (KMLM) (62380253501)	1 293 966
FMG (KLML) (62371561062)	3 112 819
Low Cost Housing 1600	6 391
Carports (KLM) (STD 04 854 7808)	100
FMG (KLM) (STD 04 854 5236)	1 078 115
Morokweng Library (STD 04 854 5228)	4 081
	<u>36 118 505</u>

Total cash and cash equivalents	<u>26 096 227</u>	<u>26 602 778</u>
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No financial assets have been pledged as collateral for liabilities

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
2 TRADE RECEIVABLES	Gross Balances	Provision for Impairment	Net Balance

2.1 TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

as at 30 June 2015

Rates and Taxes	6 690 496	(6 213 049)	477 447
Total	6 690 496	(6 213 049)	477 447

as at 30 June 2014

Rates and Taxes	16 050 041	(4 357 155)	11 692 886
Total	16 050 041	(4 357 154)	11 692 887

as at 30 June 2015

Rates and Taxes

Current (0 – 30 days)	-	-	-
31 - 60 Days	-	-	-
61 - 90 Days	-	-	-
+ 91 Days	6 690 496	(6 213 049)	477 447
Total	6 690 496	(6 213 049)	477 447

2.2 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

as at 30 June 2015

Rental Receivables	1 374 859	(551 754)	823 105
Total	1 374 859	(551 754)	823 105

as at 30 June 2014

Rental Receivables	1 126 656	(391 419)	735 237
Total	1 126 656	(391 419)	735 237

Rental Receivables

Current (0 – 30 days)	73 445	(27 804)	45 641
31 - 60 Days	60 340	(23 337)	37 003
61 - 90 Days	58 360	(22 397)	35 962
+ 91 Days	1 182 714	(478 216)	704 499
Total	1 374 859	(551 754)	823 105

Summary of Debtors by Customer Classification
as at 30 June 2015

Rental Receivables

Current (0 – 30 days)	73 445
31 - 60 Days	60 340
61 - 90 Days	58 360
+ 91 Days	1 182 714
Sub-total	1 374 859
Less: Impairment for doubtful debts	(551 754)
Total trade receivables by customer classification	823 105

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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**Summary of Debtors by Customer Classification
as at 30 June 2015**

	Residential	Commercial	State	Farms and small holdings
Rates and Taxes				
Current (0 – 30 days)	-	-	-	-
31 - 60 Days	-	-	-	-
61 - 90 Days	-	-	-	-
+ 91 Days	85 911	5 245 152	454 588	904 844
Sub-total	85 911	5 245 152	454 588	904 844
Less: Impairment for doubtful debts	(85 911)	(5 230 799)	-	(896 338)
Total trade receivables by customer classification	-	14 353	454 588	8 506

**Summary of Debtors by Customer Classification
as at 30 June 2014**

Rental Receivables

Current (0 – 30 days)	120 168
31 - 60 Days	118 803
61 - 90 Days	117 669
+ 91 Days	770 016
Sub-total	1 126 656
Less: Impairment for doubtful debts	(391 419)
Total trade receivables by customer classification	735 237

	Residential	Commercial	State	Farms and small holdings
Rates and Taxes				
Current (0 – 30 days)				
31 - 60 Days				
61 - 90 Days				
+ 91 Days	4 785	4 431 984	10 933 377	679 896
Sub-total	4 785	4 431 984	10 933 377	679 896
Less: Impairment for doubtful debts	(4 785)	(4 274 331)	-	(78 039)
Total trade receivables by customer classification	-	157 653	10 933 377	601 857

Reconciliation of the impairment of trade and other receivables

Balance at beginning of the year	(4 748 573)	(4 400 855)
Contributions to impairment	(2 016 230)	(355 344)
Doubtful debts written off against impairment	-	-
Reversal of impairment	-	7 626
Balance at end of year	(6 764 803)	(4 748 573)

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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Trade receivables past due but not impaired

Trade receivables which are less than 3 months past due are normally not considered to be impaired. At 30 June 2015 the following were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

- 1 month past due	37 003
- 2 months past due	35 962
- 3 months past due	5 949 651
	6 022 616

Trade receivables impaired

As of 30 June 2015, the provision for the impairment of trade and other receivables of R6 764 803 (30 June 2014: R4 748 574) were impaired and provided for.

The amount of the contribution to the provision was R2 843 695 (30 June 2014: R0).

The ageing of these receivables is as follows:

- Over 3 months	7 873 210
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The fair value of trade and other receivables approximates their carrying amounts.

Collateral

None of these financial assets were pledged as collateral for liabilities or contingent liabilities.

OTHER RECEIVABLES FROM NON-EXCHANGE

3 TRANSACTIONS

Other receivables	233 801	677 740
Prepayments	277 873	518 307
Total Other Debtors	511 674	1 196 047

4 VAT RECEIVABLE

VAT receivable	10 831 557	16 432 713
Total VAT Receivable	10 831 557	16 432 713

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

5 PROPERTY, PLANT AND EQUIPMENT

5.1 Reconciliation of Carrying Value

as at 1 July 2014

	Land	Buildings	Infrastructure	Community Assets	Other Assets	Total
	R	R	R	R	R	R
Cost	846 688	29 256 554	767 662 298	131 082 512	18 519 543	947 367 595
Under Construction/WIP	846 688	36 054 765	935 937 932	140 294 850	23 175 208	1 136 309 443
Accumulated depreciation and impairment losses	-	(6 798 211)	(187 561 145)	(28 255 543)	(4 655 666)	(227 270 564)
Acquisitions	-	82 050	19 452 880	25 492 122	2 385 142	47 412 194
Capital under Construction - Capitalised	-	-	(17 650 264)	(25 404 330)	-	(43 054 595)
Capital under Construction	-	-	8 799 546	26 438 460	-	35 238 006
Other Movements	-	-	-	-	-	-
Depreciation	-	(1 209 871)	(32 432 737)	(4 869 201)	(3 417 091)	(41 928 899)
Carrying value of disposals	-	-	-	-	(6 704)	(6 704)
Cost/Revaluation	-	-	-	-	(8 233)	(8 233)
Accumulated depreciation and impairment losses	-	-	-	-	1 530	1 530
Impairment loss/Reversal of impairment loss	-	-	-	-	(1 713 827)	-
Transfers	-	-	-	-	-	-

as at 30 June 2015

Cost	846 688	28 128 733	745 831 723	152 739 563	15 767 064	943 313 771
Under Construction/WIP	846 688	36 136 815	955 390 811	165 786 973	23 838 290	1 181 999 577
Accumulated depreciation and impairment losses	-	-	10 434 793	20 077 334	-	30 512 127
	-	(8 008 082)	(219 993 882)	(33 124 744)	(8 071 227)	(269 197 934)

Property, plant and equipment has not been pledged as security or collateral.

Refer to APPENDIX A for more detail on property, plant and equipment

KAGISANO-MOLOPO LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

5.2 Reconciliation of Carrying Value

as at 1 July 2013

Cost

Under Construction/WIP

Accumulated depreciation and impairment losses

Acquisitions

Capital under Construction - Capitalised

Capital under Construction

Other Movements

Depreciation

Carrying value of disposals

Cost/Revaluation

Accumulated depreciation and impairment losses

Impairment loss/Reversal of impairment loss

Transfers

Other movements

as at 30 June 2014

Cost

Under Construction/WIP

Accumulated depreciation and impairment losses

	Land R	Buildings R	Infrastructure R	Community R	Other Assets R	Total R
	846 688	30 458 380	779 195 230	119 511 344	16 932 398	946 944 040
Cost	846 688	36 054 765	899 057 906	127 486 360	20 949 571	1 084 395 290
Under Construction/WIP	-	-	36 328 723	16 030 982	-	52 359 705
Accumulated depreciation and impairment losses	-	(5 596 385)	(156 191 399)	(24 005 997)	(4 017 173)	(189 810 954)
Acquisitions	-	-	36 880 026	12 808 490	5 728 696	55 417 212
Capital under Construction - Capitalised	-	-	(36 880 026)	(12 808 490)	-	(49 688 516)
Capital under Construction	-	-	19 836 814	15 820 713	-	35 657 528
Other Movements	-	-	-	-	(389 932)	(389 932)
Depreciation	-	(1 201 826)	(31 369 746)	(4 249 545)	(2 570 036)	(39 391 153)
Carrying value of disposals	-	-	-	-	(1 181 583)	(1 181 583)
Cost/Revaluation	-	-	-	-	(3 113 126)	(3 113 126)
Accumulated depreciation and impairment losses	-	-	-	-	1 931 544	1 931 544
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
as at 30 June 2014	846 688	29 256 554	767 662 299	131 082 512	18 519 543	947 367 596
Cost	846 688	36 054 765	935 937 932	140 294 850	23 175 208	1 136 309 443
Under Construction/WIP	-	-	19 285 511	19 043 205	-	38 328 716
Accumulated depreciation and impairment losses	-	(6 798 211)	(187 561 145)	(28 255 543)	(4 655 666)	(227 270 564)

Property, plant and equipment has not been pledged as security or collateral.

Refer to APPENDIX A for more detail on property, plant and equipment

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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6 INTANGIBLE ASSETS

Computer Software

Reconciliation of carrying value

as at 30 June 2014

Cost	80 191	-
Accumulated amortisation and impairment losses	90 274	-
	(10 083)	-

Acquisitions	59 649	90 274
Amortisation	(34 113)	(10 083)

as at 30 June 2015

Cost	105 727	80 191
Accumulated amortisation and impairment losses	149 923	90 274
	(44 196)	(10 083)

7 INVESTMENT PROPERTY CARRIED AT FAIR VALUE

7.1 Reconciliation of fair value

Opening Balance

Cost	41 229 000	40 929 000
	41 229 000	40 929 000

Fair value adjustment	364 000	300 000
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Closing Balance	41 593 000	41 229 000
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7.2 The Investment property has not been pledged as security.

7.3 Details of investment properties

The effective date of the revaluations was 30 June 2015. Revaluations were performed by an independent valuer, Ms Tanya Botha registered with the South African Council for the Property Valuers Profession (SACPVP) and South African Institute of Valuers (SAIV) as Professional Valuer in terms of the Property Valuers Profession Act, 2000 (Act no.47 of 2000), of DDP Valuers (Pty) Ltd. Ms Tanya Botha is not connected to the entity and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use. For investment property, totalling R 3 414 000, where there was a lack of comparable market data, the valuation was based cost replacement method and indirect comparison method. All these methods are acceptable valuation methods.

7.4 Amounts recognised in surplus or deficit for the year	477 047	427 858
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KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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8 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Creditors and Accruals	2 738 843	7 010 934
Retentions	5 290 164	3 630 440
Staff Leave Accrual	2 888 071	2 834 899
Bonus Accrual	378 351	423 153
Other creditors	2 708 540	2 159 540
Total creditors	14 003 970	16 058 965

The fair value of trade and other payables approximates their carrying amounts.

The movement on the staff leave is reconciled as follows:

Opening Balance	2 834 899	1 871 526
Expenditure Incurred	(498 726)	(148 510)
Contributions	551 898	1 111 883
Closing Balance	2 888 071	2 834 899

The movement for on the bonus accrual is reconciled as follows:

Opening Balance	423 153	357 809
Expenditure Incurred	(801 428)	(668 468)
Contributions	756 627	733 812
Closing Balance	378 351	423 153

9 CURRENT PROVISIONS

Current portion of Legal Claim	440 000	440 000
Current Portion: Maintenance of Illegal Dumping Site	21 839 799	10 533 126
Total Provisions	22 279 799	10 973 126

The movement in provisions are reconciled as follows:

LEGAL CLAIM

Opening Balance	-	-
Contributions to provision	440 000	440 000
Expenditure incurred	-	-
Transfer to current provisions	(440 000)	(440 000)
Closing Balance (Non-current)	-	-

11

Key Assumptions

The timing for the possible outflow of resources for the provision for legal claim cost could not be determined at the date of the financial statements.

The following key assumptions were made to arrive at the amount disclosed as a possible future obligation:

- The cost estimate is based on the 2013-14 attorneys calculations of the possible future obligation.
- The rates used to determine the legal claim cost are based on current or recent cases undertaken in similar circumstances within the law profession.

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
MAINTENANCE OF ILLEGAL DUMPING SITE			
Opening Balance		-	-
Contributions to provision		11 306 673	10 533 126
Expenditure incurred		-	-
Transfer to current provisions		(11 306 673)	(10 533 126)
Closing Balance (Non-current)	11	-	-

Key Assumptions

The timing for the possible outflow of resources for the maintenance and rehabilitation of the illegal dumping site could not be determined at the date of the financial statements.

The following key assumptions were made to arrive at the amount disclosed as a possible future obligation:

- The cost estimate is based on 25% Preliminary and General (P&G) and a 10% contingency of the construction amount for unforeseen items.
- Included in the amount is a part time Civil Engineer as a site supervisor, a part time Occupational Health and Safety Officer and an Environment Control Officer to ensure that the site is closed in a safe manner and in terms of the OHS Act, the license and the Environmental Management Program.
- The rates used to determine the construction amount (cost) are based on current or recent constructs undertaken in similar circumstances in the local area.

Based on the key assumptions an estimated amount was calculated. The estimated value will need to be escalated by the local CPI for the number of years after the base date of 30 June 2015 when the construction project is actually undertaken

Refer to note 11 for Non-Current Portion and Key Assumptions on Long-Service Awards

11

10 CURRENT PORTION OF UNSPENT CONDITIONAL GRANTS AND RECEIPTS

10.1 Unspent Conditional Grants from other spheres of Government

MIG Grant	13.2	-	4 848 221
DSAC - Libraries	13.3	880 425	927 173
FMG Grant	13.4	-	-
EPWP Grant	13.6	-	-
LGSeta	13.7	56 906	206
Total Unspent Conditional Grants and Receipts		937 332	5 775 600
Non-current unspent conditional grants and receipts		-	-
Current portion of unspent conditional grants and receipts		937 332	5 775 600

See Note 13 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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11 LONG SERVICE AWARD LIABILITY

Current portion		50 466	37 466
Non-current portion		698 115	661 766
Total		698 115	661 766

The movement in the long service award liability is reconciled as follows:

NON-CURRENT PORTION

Opening Balance		661 766	556 672
Contributions to long service award liability		75 325	165 340
Expenditure incurred		(25 977)	(22 779)
Transfer to current long service award liability	9	(13 000)	(37 467)
Closing Balance		698 115	661 766

Key Assumptions

Long service award liability

Financial Assumptions: It is difficult to estimate future investment returns and salary inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP19 requires that financial assumptions be based on market expectations at the valuation date for the period over which the liability obligations are to be settled.

Discount Rate: The discount rate required by GRAP19 should be set with reference to a high quality corporate bond. In countries where there is no deep market in such bonds, the market yield on government bonds should be used. A greater emphasis is placed on the duration of the liabilities when determining the discount rate as per the revised GRAP 19 requirements. With this in mind, we have set the discount rate by using the "best fit" discount rate at 30 June 2015 which we have based on the yields from the zero coupon government bond curve. The best fit has been determined taking into account the cash-flow weighted duration of the liabilities, which is approximately 9 years. The recommended discount rate of 8.61% (R699 233) for the 2013-14 financial year decreased by 0.26% to 8,35% (R748 581) in the 2014-15 financial year.

General Salary Increase: This assumption is more stable relative to the growth in Consumer Price Inflation (CPI) than in absolute terms. In most industries, experience has shown, that over the long-term, salary inflation is between 1.25% and 1.5% above CPI inflation. We assessed the general salary increases over the last 3 years and thus a general average salary inflation rate of 7.04% per annum. It has been assumed that the next salary increase will take place in 1 July 2015

Average Retirement Age: The Municipality has a normal retirement age of 65. It has been assumed that all in-service members will retire at age 63, which makes an allowance for expected rates of early and ill-health retirement.

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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REVENUE

12-16

The amount included in revenue arising from exchange of transactions are as follows:

Rental of facilities and equipment	14	852 383	691 177
Income from agency services			
Other income - (rollup)	16	573 079	161 239
Interest received - investment	15	1 843 835	1 865 683
		3 269 297	2 718 099

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Property rates	12	9 547 738	6 692 201
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Transfer revenue

Government grants & subsidies	13	112 930 968	114 182 911
		122 478 707	120 875 112

Detailed notes on the various revenue streams are set out below:

12 PROPERTY RATES

Actual

Residential		201 828	2 580
Commercial		13 200	2 493 993
State		8 201 730	457 001
Farms and small holdings		7 540 878	4 708 800
Less: Rebates		(6 409 899)	(970 172)
Total property rates		9 547 738	6 692 201
Property rates - penalties imposed and collection charges		-	-
Total		9 547 738	6 692 201

Valuations

Residential		13 792 000	430 000
Commercial		3 993 637 111	1 510 731 600
State		279 684 000	156 960 000
Small holdings and farms		1 042 377 500	305 017 000
Total Property Valuations		5 329 490 611	1 973 138 600

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2014. Supplementary valuations are processed on a yearly basis to take into account changes in individual property values due to alterations.

Rate tariffs are applied to properties as per property classification/category to determine assessment rates.

Rebates of 85% are granted to farm property owners. Rates are levied on an annual basis on property owners.

Rates are levied on an annual basis with the final date of payment being the end of each financial year. Rates will be subject to a discount of 5% if paid on or before 30 September of each year.

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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13 GOVERNMENT GRANTS AND SUBSIDIES

Equitable Share	13.1	83 391 000	69 916 000
MIG Grant	13.2	24 395 221	37 407 450
DSAC - Libraries	13.3	626 748	470 510
FMG Grant	13.4	2 588 000	3 244 955
MSIG Grant	13.5	930 000	1 018 996
EPWP Grant	13.6	1 000 000	2 125 000
LGSeta	13.7	-	-
Total Government Grant and Subsidies		112 930 968	114 182 911

13.1 Equitable Share

This grant is used to fund the operations of the municipality in accordance with the approved MTREF budget.

83 391 000	69 916 000

13.2 MIG Grant

Balance unspent at beginning of year	4 848 222	43 809 672
Current year receipts	19 547 000	28 346 000
Conditions met - transferred to revenue	(24 395 221)	(37 407 450)
Previous year unspent not surrendered	-	(29 900 000)
Conditions still to be met - remain liabilities (see note 10)	-	4 848 222

The grant was used to fund infrastructure related projects (mainly as part of the service delivery). Capitalised projects funded by this grant are included in property, plant & equipment whilst the unspent portion of the grant is included in current liabilities.

13.3 DSAC - Libraries

Balance unspent at beginning of year	927 173	817 683
Current year receipts	580 000	580 000
Conditions met - transferred to revenue	(626 748)	(470 510)
Conditions still to be met - remain liabilities (see note 10)	880 425	927 173

This grant is mainly used in assisting the municipality with services offered at public libraries. The services covers capacitating the municipality with human capital and computer hardware/software.

13.4 FMG Grant

Balance unspent at beginning of year	-	2 246 955
Current year receipts	2 588 000	2 598 000
Conditions met - transferred to revenue	(2 588 000)	(3 244 955)
Previous year unspent not surrendered	-	(1 600 000)
Conditions still to be met - remain liabilities (see note 10)	-	-

The grant is mainly used for promoting and supporting reforms in financial management by building capacity in the municipality to implement the MFMA and progressive financial reporting.

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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13.5 MSIG Grant

Balance unspent at beginning of year	-	128 996
Current year receipts	930 000	890 000
Conditions met - transferred to revenue	(930 000)	(1 018 996)
Conditions still to be met - remain liabilities (see note 10)	-	-

The grant is meant to assist the municipality to build in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act (MSA) and related legislation, policies and the local government turnaround strategy

13.6 EPWP Grant

Balance unspent at beginning of year	-	-
Current year receipts	1 000 000	2 125 000
Conditions met - transferred to revenue	(1 000 000)	(2 125 000)
Conditions still to be met - remain liabilities (see note 10)	-	-

The grant was used by municipality to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the Expanded Public Works Programme Guidelines: road maintenance and the maintenance of buildings; low traffic volume roads and rural roads; other economic and social infrastructure; tourism and cultural industries; and sustainable land based livelihoods.

13.7 LGSeta

Balance unspent at beginning of year	206	(1 664)
Current year receipts	56 700	1 871
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 10)	56 906	206

This grant is used for skills development within KMLM

14 RENTAL OF FACILITIES AND EQUIPMENT

Rental of facilities and equipment	852 383	691 177
Total rentals	852 383	691 177

15 INTEREST EARNED

External Investments	1 843 835	1 865 683
Total interest	1 843 835	1 865 683

16 OTHER INCOME

Other Income	573 079	161 239
Total other income	573 079	161 239

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
17 EMPLOYEE RELATED COST			
Employee related costs - Salaries and Wages		14 769 484	13 137 579
Employee related costs - Contributions for UIF, pensions and medical aids		3 495 323	3 371 483
Travel, motor car, accommodation, subsistence and other allowances		3 970 442	3 735 491
Housing benefits and allowances		216 449	260 094
Performance and other bonuses		756 627	1 542 529
Long-service awards	11	75 325	165 340
Other employee related costs		661 587	303 166
Total Employee Related Costs		23 945 237	22 515 681
<i>Included in above summary of Employee Related Costs is the following:</i>			
17.1 REMUNERATION OF THE MUNICIPAL MANAGER			
Annual Remuneration		1 191 619	1 306 091
Performance- and other bonuses		-	-
Travel, Motor Vehicle, Accommodation, Subsistence and other allowances		192 000	135 020
Contributions to UIF, pension and medical aid		96 196	89 291
Total		1 479 815	1 530 403
17.2 REMUNERATION OF THE CHIEF FINANCE OFFICER (ACTING)			
Annual Remuneration		196 742	148 343
Performance- and other bonuses		13 623	12 757
Travel, Motor Vehicle, Accommodation, Subsistence and other allowances		444 274	423 906
Contributions to UIF, pension and medical aid		48 565	44 922
Total		703 203	629 928
17.3 REMUNERATION OF CORPORATE SERVICES DIRECTOR			
Annual Remuneration		579 049	542 796
Travel, Motor Vehicle, Accommodation, Subsistence and other allowances		138 338	179 129
Contributions to UIF, pension and medical aid		8 237	129 798
Total		725 625	851 723
17.4 REMUNERATION OF COMMUNITY SERVICES DIRECTOR			
Annual Remuneration		534 154	517 471
Travel, Motor Vehicle, Accommodation, Subsistence and other allowances		94 474	88 526
Contributions to UIF, pension and medical aid		121 920	122 359
Total		884 786	728 357
17.5 REMUNERATION OF GOOD GOVERNANCE DIRECTOR (ACTING)			
Annual Remuneration		183 780	141 101
Performance- and other bonuses		13 623	12 757
Travel, Motor Vehicle, Accommodation, Subsistence and other allowances		473 893	351 664
Contributions to UIF, pension and medical aid		48 831	44 591
Total		720 126	550 112

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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18 REMUNERATION OF COUNCILLORS

Executive Mayor		593 669	616 799
Acting Mayor		-	51 396
Speaker		577 216	534 020
Executive Committee Members		2 639 405	2 465 551
Councillors		2 819 551	2 610 042
Councillors' pension and medical aid contributions		500 931	644 095
Councillors' allowances		2 110 802	1 682 197
Total Councillors' Remuneration		9 241 574	8 604 101

In-kind Benefits

The Mayor, Speaker and Mayoral Committee Members are full-time employees. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of the Council owned vehicle with two full time drivers for official duties.

19 IMPAIRMENT OF ASSETS

The movement in bad debts are set out below:

Increase in provision of impairment of receivables	2	2 016 229	347 718
Impairment of property, plant and equipment	5	1 713 827	-
		3 730 056	347 718

20 GRANTS AND SUBSIDIES PAID

Bray Bakery		79 283	-
Community Works Programme		-	165 054
Wild Silk Africa Plant		-	63 711
Crafts Development Project		305 822	197 746
Ecocircle garden system		74 414	-
Goat Breeding Project		291 974	644 518
Heritage programmes		150 443	476 374
SMME Development		22 000	-
Nursery Development Project		110 939	57 067
Reratile Peace Project		226 990	53 179
Disaster Management		186 152	140 915
Mitigation and Global Warming		-	36 603
Woman Empowerment		-	155 737
Total		1 448 018	1 990 903

21 DEPRECIATION AND AMORTISATION

Property, plant and equipment	5	41 928 899	39 485 933
Intangible Assets	6	34 113	10 083
Total Depreciation and Amortisation		41 963 012	39 496 016

22 FINANCE COSTS

Creditors		283 818	561 653
Total Finance Costs		283 818	561 653

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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23 GENERAL EXPENSES

Included in general expenses are the following:-

Advertising	352 747	429 789
Audit fee	2 534 378	2 082 949
Bank charges	180 402	147 647
Books and publications	49 377	70 644
Bursaries	591 220	910 993
Community functions	2 000 943	2 164 214
Congresses and conferences	50 861	-
Disability Funds	68 149	3 912
Employee assistance and wellness	715 320	383 950
Entertainment - Councillors	36 106	22 928
Entertainment - Officials	19 254	26 864
Excellence Awards	246 004	-
Expanded Public Works Programme	2 698 914	3 482 671
Pauper Burials	277 589	90 883
General Expenses	801 590	1 424 700
Health Support Programmes	45 816	-
Insurance premiums	785 277	836 653
Internet charges	114	272 536
Legal expenses	691 372	1 012 288
Licenses and Permits	103 395	-
Maintenance of Illegal/Dumping Site	11 306 673	10 533 126
Mayoral inauguration	914 862	22 019
Mayoral Outreach Programmes	418 603	302 355
Membership fees : Societies	538 616	894 737
MME Development	12 600	-
Postage stamps and telegraphs	-	1 069
Printing and stationery	765 580	412 008
Promotion and marketing	631 576	1 048 643
Refreshments and meals	839 861	567 290
Rental : Equipment	1 016 645	1 218 267
Small tools and equipment	128 549	169 706
Software expenses	1 145 516	1 237 875
Sundry expenses	-	186 267
Telephone	639 697	595 168
Training and courses	1 393 089	1 318 998
Travel and subsistence : Councillors	1 042 218	327 389
Travel and subsistence : Officials	1 770 081	1 478 741
Uniforms and protective clothing	39 078	176 291
Vehicles : Fuel and oil	2 586 889	2 391 031
Vehicles : Licenses	15 006	16 066
Youth and Elderly Support Programmes	450 544	127 500
Water and Electricity	3 423 695	3 833 510
Ward Participation Support	1 984 222	2 215 866
Workmans compensation	23 547	460 518
Total	43 335 972	42 898 060

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
24 CONTRACTED SERVICES			
Accounting services		9 431 175	2 317 552
Assessment Rates		4 096 605	3 097 895
Fleet Management System		102 700	-
IT Services		4 626 257	425 288
Performance Management System		350 000	140 000
Risk Assessment		100 000	-
Security services		4 449 781	3 113 485
Valuation roll		-	986 439
VAT Recovery		3 214 316	-
		26 370 834	10 080 659
25 GAIN / (LOSS) ON SALE OF ASSETS			
Property, plant and equipment		9 613	(297 019)
Total Gain / (Loss) on Sale of Assets		9 613	(297 019)
26 CASH GENERATED BY OPERATIONS			
Surplus/(deficit) for the year		(26 046 696)	(6 595 817)
<i>Adjustment for:-</i>			
Depreciation and amortisation		41 963 012	39 496 016
(Gain)/Loss on sale of assets		(9 613)	297 019
Gain / (loss) on fair value adjustments		(364 000)	863 648
Impairment		3 730 056	347 718
Long service award liability		13 000	37 466
Increase/(decrease) in provisions		11 343 022	11 078 221
Operating surplus before working capital changes:		30 628 781	45 524 271
(Increase)/decrease in trade receivables		9 111 343	7 504 759
(Increase)/decrease in other receivables		684 373	(1 148 229)
(Increase)/decrease in VAT receivable		5 601 156	(7 551 852)
Increase/(decrease) in trade payables		(2 054 996)	9 345 228
Increase/(decrease) in conditional grants and receipts		(4 838 268)	(41 227 706)
Cash generated by/(utilised in) operations		39 132 388	12 446 471

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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27 CORRECTION OF ERROR

Adjustments were made to amounts previously reported in the annual financial statements of the municipality. Below is the impact of the "correction of error" adjustments on the Statement of Financial Position, Statement of Financial Performance and the Cash Flow Statement.

	Previous Disclosure R	Restated Disclosure R	Correction of Error
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Current assets			
Cash and cash equivalents	26 602 777	26 602 778	-
Trade receivables from non-exchange transactions	2 641 114	11 692 887	9 051 773
Other receivables from non-exchange transactions	5 074 636	1 196 047	(3 878 589)
VAT receivable	15 920 761	16 432 713	511 952
Non-current assets			
Property, plant and equipment	254 994 210	947 367 596	692 373 386
Intangible Assets	80 191	80 191	-
Investment Properties	70 754 373	41 229 000	(29 525 373)
Total assets	376 068 062	1 045 336 448	669 268 386
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	15 407 352	16 058 965	651 613
Current provisions	10 992 506	10 973 126	(19 380)
Current portion of unspent conditional grants and receipts	5 773 919	5 775 600	1 681
Non-current liabilities			
Non-current provisions	800 068	661 766	(138 302)
Total liabilities	32 973 844	33 506 924	533 079
Net assets	343 094 217	1 011 829 524	668 735 307
NET ASSETS			
Accumulated surplus / (deficit)	343 094 217	1 011 829 525	668 735 308
Total net assets	343 094 217	1 011 829 525	668 735 308

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
CORRECTION OF ERROR			
	Previous Disclosure R	Restated Disclosure R	Correction of Error
STATEMENT OF FINANCIAL PERFORMANCE			
Revenue			
Property Rates	6 692 201	6 692 201	-
Rental of facilities and equipment	863 184	691 177	(172 007)
Interest earned - External Investments	1 865 683	1 865 683	-
Government grants and subsidies	118 030 911	114 182 911	(3 848 000)
Other income	160 789	161 239	450
Total revenue	127 612 769	123 593 211	(4 019 557)
Expenses			
Employee related cost	21 804 960	22 515 681	710 721
Remuneration of councillors	8 604 101	8 604 101	-
Impairment of Assets	(7 626)	347 718	355 344
Depreciation and amortisation	14 484 713	39 496 016	25 011 303
Grants and subsidies paid	1 990 903	1 990 903	-
Finance Costs	204 246	561 653	357 407
Repairs and maintenance	2 522 555	2 533 571	11 016
Contracted services	10 031 804	10 080 659	48 855
General Expenses	42 388 128	42 898 060	509 932
Total expenses	102 023 783	129 028 361	27 004 578
Gain / (loss) on sale of assets	(297 019)	(297 019)	-
Gain / (loss) on fair value adjustments	(1 163 648)	(863 648)	300 000
Surplus / (deficit) for the period	24 128 318	(6 595 817)	(30 724 135)

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
CORRECTION OF ERROR			
CASH FLOW STATEMENT			
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		81 046 226	88 722 036
Sales of goods and services		13 860 524	14 888 137
Grants		76 801 524	72 955 206
Interest received		1 865 683	1 865 683
Other receipts		(11 481 505)	(986 990)
Payments		68 798 505	76 275 565
Employee costs		19 173 159	31 082 316
Suppliers		49 421 100	42 640 693
Interest paid		204 246	561 653
Net cash flows from operating activities		12 247 721	12 446 471
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(40 560 441)	(40 853 971)
Purchase of intangible assets		(90 274)	(90 274)
Proceeds from sale of fixed assets		1 179 715	1 274 495
Net cash flows from investing activities		(39 471 000)	(39 669 750)
Net cash flows from financing activities		-	-
Net increase / (decrease) in net cash and cash equivalents		(27 223 279)	(27 223 278)
Net cash and cash equivalents at beginning of period		53 826 056	53 826 056
Net cash and cash equivalents at end of period		26 602 777	26 602 778

The detail on each individual error is set out below:

27.1 Opening Balance on Trade Payables

The 2014 trade payables were understated that caused certain expenditure items and an addition on property, plant and equipment to also be understated.

The comparative amount has been restated as follows:

	2013	2014
<u>Statement of Financial Position</u>		
<i>Property, plant and equipment (Increase/(Decrease))</i>		742 400
<i>VAT Receivable (Increase/(Decrease))</i>		66 108
<i>Trade and Other Payables ((Increase)/Decrease)</i>		(1 662 534)
<i>Prepayments (Increase/(Decrease))</i>		175 561
Net effect on Statement of Financial Position	-	(678 466)
<u>Statement of Financial Performance</u>		
<i>General Expenses (Increase/(Decrease))</i>		592 072
<i>Contracted Services (Increase/(Decrease))</i>		(9 297)
<i>Repairs and Maintenance (Increase/(Decrease))</i>		(12 972)
<i>Employee Related Costs (Increase/(Decrease))</i>		826 094
<i>Interest Paid (Increase/(Decrease))</i>		1 163
Net effect on Statement of Financial Performance	-	1 397 060
Net effect on Accumulated surplus opening balance	-	(718 594)

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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27.2 Dr Ruth S Mompoti Receivable

The 2014 receivable of Dr Ruth Mompoti for EPWP Grant not received due to the discontinuation of the EPWP programme.

The comparative amount has been restated as follows:	2013	2014
<u>Statement of Financial Position</u>		
<i>Current Portion of Unspent portion Conditional Grants (Increase)/Decrease</i>		-
<i>Other receivables from non-exchange transactions(Increase)/(Decrease))</i>		(375 000)
Net effect on Statement of Financial Position	-	(375 000)
<u>Statement of Financial Performance</u>		
<i>Government Grants and Subsidies ((Increase)/Decrease)</i>		375 000
Net effect on Statement of Financial Performance	-	(375 000)
Net effect on Accumulated surplus opening balance	-	-

27.3 Equitable Share

Equitable Share from 2014 that was recognised as receivable was not received by National Treasury.

The comparative amount has been restated as follows:	2013	2014
<u>Statement of Financial Position</u>		
<i>Other receivables from non-exchange transactions(Increase)/(Decrease))</i>		(3 473 000)
Net effect on Statement of Financial Position	-	(3 473 000)
<u>Statement of Financial Performance</u>		
<i>Government Grants and Subsidies ((Increase)/Decrease)</i>		3 473 000
Net effect on Statement of Financial Performance	-	(3 473 000)
Net effect on Accumulated surplus opening balance	-	-

27.4 Receivables

Receipts were recorded as unallocated in the prior year, reallocated to the relevant line items in the financial statements

The comparative amount has been restated as follows:	2013	2014
<u>Statement of Financial Position</u>		
<i>Other receivables from non-exchange transactions(Increase)/(Decrease))</i>		13 555
<i>Trade and other payables from exchange transactions ((Increase)/Decrease)</i>		(13 555)
<i>Current Portion of Unspent Conditions Grants ((Increase)/Decrease)</i>		(1 682)
<i>Trade and other payables from exchange transactions ((Increase)/Decrease)</i>		17 419
<i>Trade receivables from non-exchange transactions(Increase)/(Decrease))</i>		(15 288)
Net effect on Statement of Financial Position	-	450
<u>Statement of Financial Performance</u>		
<i>Other Income ((Increase)/Decrease)</i>		(450)
Net effect on Statement of Financial Performance	-	(450)
Net effect on Accumulated surplus opening balance	-	-

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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27.5 Retentions

Retentions recognised in prior years were not correctly valued. This has now been corrected

The comparative amount has been restated as follows:

Statement of Financial Position

Trade and other payables from exchange transactions ((Increase)/Decrease)

<u>Retentions</u>	(1 478 730)	2 602 384
<u>Property, Plant and Equipment (Increase/(Decrease))</u>		
<u>Halls</u>	885 123	674 571
<u>Community Buildings</u>	-	-
<u>Recreation Grounds</u>	95 707	72 973
<u>Roads</u>	1 809 363	1 633 551
<u>Electricity Network</u>	27 374	127 313
<u>VAT Receivable (Increase/(Decrease))</u>	394 459	51 384
Net effect on Statement of Financial Position	1 733 297	5 162 177
Net effect on Accumulated surplus opening balance	(1 733 297)	(5 162 177)

27.5 Leave Accrual

The leave accrual was understated in 2014 due to the interns being left out and some days being incorrectly calculated

The comparative amount has been restated as follows:

Statement of Financial Position

<u>Trade and other payables from exchange transactions ((Increase)/Decrease)</u>		(4 841)
Net effect on Statement of Financial Position	-	(4 841)

Statement of Financial Performance

<u>Employee Related Costs (Increase/(Decrease))</u>		4 841
Net effect on Statement of Financial Performance	-	(4 841)
Net effect on Accumulated surplus opening balance	-	-

27.6 Trade Receivables - Rates and Taxes

The receivable on Public Works were not recognised for the financial years ending 30 June 2011, 30 June 2012 and 30 June 2013

The comparative amount has been restated as follows:

Statement of Financial Position

<u>Trade receivables from non-exchange transactions (Increase/(Decrease))</u>	10 478 790	
Net effect on Statement of Financial Position	10 478 790	-
Net effect on Accumulated surplus opening balance	(10 478 790)	-

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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27.6 Long-Service award liability

The long-service award liability was incorrectly calculated in 2014

The comparative amount has been restated as follows:

	2013	2014
<u>Statement of Financial Position</u>		
<i>Current Liabilities ((Increase)/Decrease)</i>		(18 087)
<i>Non-current liabilities ((Increase)/Decrease)</i>		138 302
Net effect on Statement of Financial Position	-	120 215
<u>Statement of Financial Performance</u>		
<i>Employee Related Costs (Increase)/(Decrease))</i>		(120 215)
Net effect on Statement of Financial Performance	-	120 215
Net effect on Accumulated surplus opening balance	-	-

27.7 Property, Plant and Equipment

Property, plant and equipment was incorrectly recognised in the prior years. The balances have now been corrected based on the adjusted fixed asset register.

The comparative amount has been restated as follows:

	2013	2014
<u>Statement of Financial Position</u>		
<u>Property, plant and equipment (Increase)/(Decrease))</u>		
<i>Land</i>	(6 035 176)	
<i>Servitudes</i>	(1 777 820)	
<i>Buildings</i>	26 404 771	(922 462)
<i>Taxi Ranks</i>	(111 067)	13 226
<i>Roads</i>	630 009 103	(26 296 474)
<i>Storm Water Network</i>	(415 385)	18 960
<i>Electricity Network</i>	3 887 924	(616 487)
<i>Parks & Gardens</i>	(354 426)	(218 029)
<i>Libraries</i>	135 955	215 082
<i>Recreation Grounds</i>	(3 916 278)	1 468 562
<i>Halls</i>	36 393 335	1 473 438
<i>Community Buildings</i>	22 745 279	(1 004 586)
<i>Cemeteries</i>	362 250	-
<i>Office Equipment</i>	140 651	37 371
<i>Furniture & Fittings</i>	3 426 221	(322 757)
<i>Machinery and Equipment</i>	(1 213 247)	305 241
<i>Official Vehicles</i>	(525 612)	1 101 214
<i>Computer Equipment</i>	639 738	234 630
<i>Other Assets</i>	1 143 413	(121 545)
Net effect on Statement of Financial Position	710 939 628	(24 634 617)
<u>Statement of Financial Performance</u>		
<i>Depreciation (Increase)/(Decrease))</i>	39 391 153	25 011 303
Net effect on Statement of Financial Performance	39 391 153	25 011 303
Net effect on Accumulated surplus opening balance	(710 939 628)	(376 686)

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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27.8 Other receivables from non-exchange transactions

Reallocation of 2014 medical aid deduction to correct medical aid vote

The comparative amount has been restated as follows:

<u>Statement of Financial Position</u>	2013	2014
<i>Other receivables from non-exchange transactions (Increase/(Decrease))</i>		1 967
<i>Other receivables from non-exchange transactions (Increase/(Decrease))</i>		(1 967)
Net effect on Statement of Financial Position	-	-
Net effect on Accumulated surplus opening balance	-	-

27.9 Trade Receivables - Rates and Taxes and Rental Receivables

Correction of 2014 misallocation error between rates and taxes, rental receivables and unallocated receipts

The comparative amount has been restated as follows:

<u>Statement of Financial Position</u>	2013	2014
<i>Trade receivables from non-exchange transactions (Increase/(Decrease))</i>		
Rates and Taxes		(138 289)
<i>Trade receivables from exchange transactions (Increase/(Decrease))</i>		
Rental receivables		170 504
<i>Trade and other payables from exchange transactions ((Increase)/Decrease)</i>		
Other Creditors		(32 215)
Net effect on Statement of Financial Position	-	-
Net effect on Accumulated surplus opening balance	-	-

27.10 Other receivables - Staff Debt

An employee was involved in a motor vehicle accident in one of Council's vehicles. The employee was not authorised to use the vehicle and the excess on the damages incurred are now being recovered from said employee. This was not accounted for in 2014.

The comparative amount has been restated as follows:

<u>Statement of Financial Position</u>	2013	2014
<i>Other receivables from non-exchange transactions (Increase/(Decrease))</i>		
Other receivables		51 000
<i>Trade and other payables from exchange transactions ((Increase)/Decrease)</i>		
Other creditors		6 000
Net effect on Statement of Financial Position	-	57 000
Net effect on Accumulated surplus opening balance	-	(57 000)

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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27.11 Investment Properties

Investment Property was incorrectly valued in the prior years. This balances has now been corrected based on the revaluation performed.

The comparative amount has been restated as follows:

	2013	2014
<u>Statement of Financial Position</u>		
<i>Investment Properties (Increase)/(Decrease)</i>	(29 525 373)	
Net effect on Statement of Financial Position	(29 525 373)	-
<u>Statement of Financial Performance</u>		
<i>Gain/Loss on fair value adjustments ((Increase)/Decrease)</i>		(300 000)
Net effect on Statement of Financial Performance	-	(300 000)
Net effect on Accumulated surplus opening balance	29 525 373	300 000

27.12 Rental Receivables

Income incorrectly recognised in 2014, now corrected.

The comparative amount has been restated as follows:

	2013 and before	2014
<u>Statement of Financial Position</u>		
<i>Trade receivables from exchange transactions (Increase)/((Decrease))</i>		
Rental Receivables	(181 357)	(527 351)
Net effect on Statement of Financial Position	(181 357)	(527 351)
<u>Statement of Financial Performance</u>		
<i>Rental Income ((Increase)/Decrease)</i>	181 357	172 007
<i>Impairment of Assets (Increase)/((Decrease))</i>	-	355 344
Net effect on Statement of Financial Performance	181 357	527 351
Net effect on Accumulated surplus opening balance	181 357	-

27.13 Prepayments

The prepayment on SARS was incorrectly disclosed in 2014.

The comparative amount has been restated as follows:

	2013	2014
<u>Statement of Financial Position</u>		
<i>Other receivables from non-exchange transactions (Increase)/((Decrease))</i>		
Prepayments		(270 704)
<i>Trade and other payables from exchange transactions ((Increase)/Decrease)</i>		
Other creditors		270 704
Net effect on Statement of Financial Position	-	-
Net effect on Accumulated surplus opening balance	-	-

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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27.14 SARS Receivable/Payable

The SARS payable was incorrectly recognised in 2014.

The comparative amount has been restated as follows:

	2013	2014
<u>Statement of Financial Position</u>		
<i>Trade and other payables from exchange transactions ((Increase)/Decrease)</i>		
Trade creditors and accruals		353 795
Other creditors		(710 039)
Net effect on Statement of Financial Position	-	(356 244)
<u>Statement of Financial Performance</u>		
<i>Interest Paid (Increase)/((Decrease))</i>		356 244
Net effect on Statement of Financial Performance	-	356 244
Net effect on Accumulated surplus opening balance	-	-

27.15 Unauthorised, irregular, fruitless and wasteful expenditure

Unauthorised, irregular and fruitless and wasteful expenditure incorrectly disclosed in 2014 was written back. This has now been amended.

The comparative amount has been restated as follows:

	2013	2014
Notes to the financial statements		
28.1 Fruitless and wasteful expenditure (Increase)/((Decrease))	-	211 353
28.2 Irregular expenditure (Increase)/((Decrease))	-	194 848
28.3 Unauthorised Expenditure (Increase)/((Decrease))	14 048 905	(2 624 023)
TOTAL CORRECTION OF ERROR - OPENING BALANCE ((Surplus)/Deficit)	(693 444 985)	(6 014 456)

28 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

28.1 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful exp.		
Opening balance -	1 511 343	949 690
Fruitless and wasteful expenditure current year	283 818	561 653
Condoned or written off by Council	-	-
To be recovered – contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonement	1 795 160.41	1 511 343

Disciplinary steps/criminal proceedings

The fruitless and wasteful expenditure mainly relates to penalties and interest charged on overdue accounts. These contraventions were investigated and presented to council on recovery or write-off in 2015/16 financial year.

28.2 Irregular expenditure

Reconciliation of irregular expenditure		
Opening balance -	87 866 596	66 114 323
Irregular expenditure current year	25 419 587	21 752 273
Condoned or written off by Council	-	-
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	113 286 183	87 866 596

Incident & Disciplinary steps/criminal proceedings

Procurement not in line with the Supply Chain Management Regulations
These contraventions have been investigated and presented to council on recovery or write-off in 2015/16 financial year.

- i) No criminal or disciplinary steps were taken after investigation process.
- ii) No material losses have been recovered.

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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28.3 Unauthorised Expenditure

Reconciliation of Unauthorised expenditure

Opening balance -	37 689 902	27 360 565
Unauthorised expenditure current year	23 403 791	10 329 337
Condoned or written off by Council	-	-
Transfer to receivables for recovery – not condoned	-	-
Unauthorised expenditure awaiting condonement	61 093 693	37 689 902

Incident & Disciplinary steps/criminal proceedings

Unauthorised expenditure is due to the overspending of the total amount appropriated for a vote in the approved budget.

i) No criminal or disciplinary steps were taken after investigation process.

ii) No material losses have been recovered.

29 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

29.1 Audit fees

Opening balance	185 451	465 845
Current year audit fee	2 938 557	2 612 449
Amount paid - current year	(2 897 741)	(2 434 093)
Amount paid - previous years	(185 451)	(458 750)
Balance unpaid (included in payables)	40 816	185 451

Audit fees balance include interest levied.

29.2 VAT Receivable

VAT input receivable is shown in note 4

4

10 831 557	16 432 713
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No VAT was paid to the Receiver of Revenue in 2014-15 financial year.

29.3 PAYE, UIF and SDL

Opening balance	49 120	-
Current year payroll deductions	4 790 521	3 350 310
Amount paid - current year	(3 642 748)	(3 301 191)
Balance unpaid (included in payables)	1 196 892	49 120

29.4 Pension and Medical Aid Deductions

Opening balance	(17 355)	-
Current year payroll deductions and Council Contributions	6 103 084	6 010 661
Amount paid - current year	(6 103 084)	(6 028 016)
Balance unpaid (included in payables)	(17 355)	(17 355)

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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29.5 Councillor arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

	Outstanding < 90 days	Outstanding > 90 days	Total
as at 30 June 2015			
None outstanding			-
Total Councillor Arrear Consumer Accounts	-	-	-
as at 30 June 2014			
None outstanding			-
Total Councillor Arrear Consumer Accounts	-	-	-

29.6 Non-Compliance with Chapter 11 of the Municipal Finance Management Act (MFMA)

Non-compliance due to contravention of the Supply Chain Management Regulations stipulated in Chapter 11 of the MFMA has been disclosed in note 28.2

28.2

113 286 183	87 866 596

29.7 South African Local Government Association

Opening balance	-	-
Contributions	536 000	894 737
Amount paid - current year	(536 000)	(894 737)
Balance unpaid (included in payables)	-	-

30 CAPITAL COMMITMENTS

30.1 Commitments in respect of capital expenditure

- Approved and contracted for	50 923 279	86 109 579
Property, plant and equipment	50 923 279	86 109 579
- Approved and not yet contracted	155 890 000	32 716 100
Property, plant and equipment	155 890 000	32 716 100
Total	206 813 280	118 825 679
This expenditure will be financed from:		
- Government Grants	204 977 194	109 653 478
- Own resources	1 836 086	9 172 202
	206 813 280	118 825 679

31 EVENTS AFTER REPORTING DATE

as at 30 June 2015

No material litigation is outstanding against the Municipality and no other post balance events have occurred after year-end and up to the date of the completion of these financial statements.

32 RETIREMENT BENEFIT INFORMATION

32.1 Defined contribution plan

An amount of R 3 795 763 (2014: R2 484 846) was contributed by Council in respect of Councillors and employees retirement funding. These contributions have been expensed and are included in employee related costs for the year.

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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33 CONTINGENT LIABILITY

33.1 Mr K Dijwe	<u>900 000</u>	<u>900 000</u>
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Mr Dijwe instituted an action against the municipality for the recovery of damages that he allegedly suffered as a result of the alleged malicious prosecution. The High Court in Mmabatho gave an order of Absolution from the instance after closure of the plaintiff's case, an application for leave to appeal was dismissed. The order was overturned and appeal will therefore continue. Should the appeal success, the trial will be proceeded with. The likelihood is that the appeal will succeed in favour of the Plaintiff.

33.2 Continued medical aid benefits	<u>335 111</u>	<u>238 322</u>
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Kagisano-Molopo Local Municipality was formed through a merger of Kagisano and Molopo local municipalities. The former Molopo Local Municipality offered some of its employees, as part of the conditions of service, a benefit of continuation of the medical aid subsidy provided during employment upon the employees' retirement from the municipality.

There is uncertainty as to whether the aforementioned benefit obligation is applicable to the employees of the merged Kagisano-Molopo Local Municipality and in particular if the former employees of the former Molopo Local Municipality were transferred with this benefit. The employee contracts make no mention of this benefit and it is of the opinion of the Municipality that employees are no longer entitled to receive this benefit.

There is a possibility that the former Molopo employees will however demand post-employment medical aid benefit from the municipality and will base it on the constructive obligation created by Molopo. There is likelihood that this may result in litigation, and employees of the municipality demanding the same obligation upon retirement reached.

An independent valuation has been performed by Independent Actuaries & Consultants (Pty) Ltd estimating the the amounts applicable.

33.3 Nduza Security & Cleaning Services CC	<u>7 000 000</u>	<u>-</u>
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This entity instituted legal action againsts the Municipality for the recovery of an amount of R6 499 094.40 being in respect of damages that it allegedly suffered as a result of the fact that the Municipality awarded a tender for the provision of security services to an opposing tenderer. The matter is being defended by the Municipality.

There is uncertainty to the timing and amount of the case, as the outcome of the case is not been determined.

33.4 MH Office Machines and Stationers CC	<u>120 000</u>	<u>-</u>
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This entity instituted legal action against the Municipality for the recovery of an amount of R69 638.36 allegedly due to it in respect of delivered and services rendered. The matter is being defended.

There is uncertainty to the timing and amount of the case, as the outcome of the case has not been determined.

8 355 111	1 138 322
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KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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34 CONTINGENT ASSET

34.1 Nduza Security & Cleaning Services CC

-	45 000
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The firm lodged an application to take execution against the Municipality despite the lodging of an appeal. The application was successfully opposed. We are in the process of having our bill of costs drafted and shall continue with attempts at recovery of same after taxation

In the 2014 the judgment was given in favour of the Municipality, and the Plaintiff paid the related costs. The timing and uncertainty of the amount receivable at year-end is not known.

During 2014-15, the matter has been finalised and the cost recovered.

34.2 Insurance Claim

-	139 475
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Raider Dc 2.7 vehicle was involved in an accident during the 2013/2014 financial year. The claim was submitted on the 7th of May 2013. However no response from the insurance company was received as at 30 June 2015.

Therefore, the timing and uncertainty of the amount receivable at year-end is not known.

Insurance claim was paid by the insurance company during the 2014-15 financial year.

-	184 475
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KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
35 RELATED PARTIES			
35.1 <u>Members of key management - Section 57</u>			
Mr AR Khuduge		-	-
Mr OO Ntsimane (Acting)		-	-
Adv BG Selebogo		-	-
Ms GE Kegopotsemang		-	-
Mr OE Pitso (Acting)		-	-
		-	-
<i>No related party transactions occurred between the municipality and its key management, including the audit committee.</i>			
<i>Declarations of interest was circulated to all employee of the municipality and a CIPRO search performed.</i>			
Compensation to councillors and other key management (refer to note 17 & 18)			
35.2 <u>Purchases from (sales to) persons in service of state</u>			
None		-	-
35.3 <u>Shared Internal Audit Service</u>			
Dr Ruth S Mompoti District Municipality		-	-
- The internal audit services are regarded as services-in-kind and the monetary value of the services cannot be determined.			
Total Related Party Transactions		-	-

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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36 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

36.1 Impairment of receivables

Management has an accounting policy in place to provide for the impairment of bad debts. The policy requires individual assessment of long outstanding debtors.

The carrying value of the impairment for bad debt is: (6 764 803) (4 748 573)

The impairment provided for in the Statement of financial performance is: 2 016 229 347 718

The following amount of bad debts were written off and was approved by management and condoned by council (and is included in the amount as per Statement of financial performance) - -

36.2 The useful lives and residual values of property, plant, and equipment

In accordance with GRAP 17 the municipality implemented an accounting policy to determine if there is any indication that the municipality's expectations about the residual values and the useful lives of the asset have changed since the preceding reporting period.

The carrying value of assets at year end, subject to the annual review is: 943 313 771 947 367 596

36.3 Long service award Liability

Financial Assumptions: It is difficult to estimate future investment returns and salary inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP19 requires that financial assumptions be based on market expectations at the valuation date for the period over which the liability obligations are to be settled.

Discount Rate: The discount rate required by GRAP19 should be set with reference to a high quality corporate bond. In countries where there is no deep market in such bonds, the market yield on government bonds should be used. A greater emphasis is placed on the duration of the liabilities when determining the discount rate as per the revised GRAP 19 requirements. With this in mind, we have set the discount rate by using the "best fit" discount rate at 30 June 2015 which we have based on the yields from the zero coupon government bond curve. The best fit has been determined taking into account the cash-flow weighted duration of the liabilities, which is approximately 9 years. The recommended discount rate of 8.61% (R699 233) for the 2013-14 financial year decreased by 0.26% to 8,35% (R748 581) in the 2014-15 financial year.

General Salary Increase: This assumption is more stable relative to the growth in Consumer Price Inflation (CPI) than in absolute terms. In most industries, experience has shown, that over the long-term, salary inflation is between 1.25% and 1.5% above CPI inflation. We assessed the general salary increases over the last 3 years and thus a general average salary inflation rate of 7.04% per annum. It has been assumed that the next salary increase will take place in 1 July 2015.

Average Retirement Age: The Municipality has a normal retirement age of 65. It has been assumed that all in-service members will retire at age 63, which makes an allowance for expected rates of early and ill-health retirement.

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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37 RISK MANAGEMENT

FINANCIAL INSTRUMENTS DISCLOSURE

Categories of financial instruments:

Financial assets

2015

Trade receivables from non-exchange transactions
Trade receivables from exchange transactions
Cash and cash equivalents

	At amortisation cost	Total
At fair value		
	477 447	477 447
	823 105	823 105
26 096 227	-	26 096 227
26 096 227	1 300 552	27 396 779

2014

Trade receivables from non-exchange transactions
Trade receivables from exchange transactions
Cash and cash equivalents

	At amortisation cost	Total
At fair value		
	11 692 887	11 692 887
	735 237	735 237
26 602 778	-	26 602 778
26 602 778	12 428 124	39 030 902

Financial liabilities

2015

Trade and other payables from exchange transactions
Other financial liabilities

	At amortisation cost	Total
At fair value		
	14 003 970	14 003 970
	-	-
-	14 003 970	14 003 970

2014

Trade and other payables from exchange transactions
Other financial liabilities

	At amortisation cost	Total
At fair value		
	16 058 965	16 058 965
	-	-
-	16 058 965	16 058 965

37.1 Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a small customer base. Management evaluates credit risk relating to customers on an on-going basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Current Account (Primary Bank Account) - ABSA Acc nr: 407801332	2 166 699	3 889 624
Other short-term investments	23 929 528	22 713 154
Trade receivables	989 121	12 888 934

These balances represent the maximum exposure to credit risk.

37.2 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an on-going review of future commitments and credit facilities.

KAGISANO-MOLOPO LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	2015 R	2014 R
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37.3 Interest rate risk

At year end, financial instruments exposed to interest rate risk were as follows:

Call deposits	23 929 528	22 713 154
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38 GOING CONCERN ASSUMPTION

Management believes that the Going Concern assumption is appropriate

39 COMPARISON WITH THE BUDGET

The financial statements and the budget is approved on an accrual basis by functional classification. The approved budget covers the financial period from 1 July 2014 to 30 June 2015.

The financial statements and budget information are prepared for the same period. The financial statements are prepared using a classification of nature of expenses in the Statement of Financial Performance.

The comparison of the Municipality's actual financial performance with that budgeted is set out in a the Statement of Actual versus Budget.

KAGISANO-MOLOPO LOCAL MUNICIPALITY
APPENDIX A
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
for the year ended 30 June 2015

	Cost							Accumulated Depreciation				Impairment Losses	Carrying Value
	Opening Balance	Additions	Disposals	Other Movements	Under Construction Capitalised	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals/ Other Movements	Closing Balance		
	Cost	Under Construction											
	R	R	R	R	R	R	R	R	R	R	R		R
Land													
Land	846 688	-	-	-	-	-	846 688	-	-	-	-	-	846 688
	846 688	-	-	-	-	-	846 688	-	-	-	-	-	846 688
Buildings													
Buildings	35 705 205	-	82 050	-	-	-	35 787 255	(6 679 723)	(1 198 219)	-	(7 877 942)	-	27 909 313
Taxi Ranks	349 560	-	-	-	-	-	349 560	(118 488)	(11 652)	-	(130 140)	-	219 420
	36 054 765	-	82 050	-	-	-	36 136 815	(6 798 211)	(1 209 871)	-	(8 008 082)	-	28 128 733
Infrastructure													
Roads	906 045 942	14 931 274	19 452 880	-	-	(17 650 264)	2 718 991	925 498 822	(180 709 803)	(31 290 847)	(212 000 650)	-	713 498 172
Electricity Network	29 891 990	4 354 238	-	-	-	6 080 556	40 326 783	(6 851 342)	(1 141 890)	-	(7 993 232)	-	32 333 551
	935 937 932	19 285 511	19 452 880	-	-	(17 650 264)	8 799 546	965 825 605	(187 561 145)	(32 432 737)	(219 993 882)	-	745 831 723
Community Assets													
Parks & Gardens	43 750	-	-	-	-	-	43 750	(26 979)	(1 458)	-	(28 437)	-	15 313
Libraries	3 618 465	-	-	-	-	-	3 618 465	(784 001)	(120 616)	-	(904 617)	-	2 713 849
Recreation													
Grounds	3 636 156	1 123 255	6 414 024	-	-	(6 406 727)	5 311 025	10 077 733	(815 752)	(166 842)	(982 594)	-	9 095 139
Halls	97 507 125	17 350 700	19 078 098	-	-	(18 997 603)	17 877 078	132 815 398	(19 601 674)	(3 397 306)	(22 998 980)	-	109 816 418
Community													
Buildings	35 489 355	-	-	-	-	-	35 489 355	(7 027 137)	(1 182 979)	-	(8 210 116)	-	27 279 240
Cemeteries	-	569 250	-	-	-	-	3 250 356	3 819 606	-	-	-	-	3 819 606
	140 294 851	19 043 205	25 492 122	-	-	(25 404 330)	26 438 460	185 864 307	(28 255 543)	(4 869 201)	(33 124 744)	-	152 739 563

KAGISANO-MOLOPO LOCAL MUNICIPALITY
APPENDIX A
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
for the year ended 30 June 2015

Cost								Accumulated Depreciation				Impairment Losses	Carrying Value
Opening Balance		Additions	Disposals	Other Movements	Under Construction Capitalised	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals/ Other Movements	Closing Balance		
Cost	Under Construction												
R	R	R	R	R		R	R	R	R	R	R		R

1 485 973	-	278 419	-	-		-	1 764 392	(349 508)	(230 505)	-	(580 014)	(201 978)	982 400
6 210 782	-	1 575 453	-	-		-	7 786 235	(1 006 257)	(1 091 971)	-	(2 098 228)	(327 423)	5 360 583
6 208 705	-	-	-	-		-	6 208 705	(1 285 187)	(610 628)	0	(1 895 815)	(4 931)	4 307 959
5 464 287	-	-	-	-		-	5 464 287	(1 315 460)	(772 215)	-	(2 087 676)	(535 698)	2 840 914
2 317 067	-	344 777	(8 233)	-		-	2 653 610	(443 240)	(483 554)	1 530	(925 264)	(379 833)	1 348 513
1 488 395	-	186 494	-	-		-	1 674 888	(256 013)	(228 218)	-	(484 231)	(263 963)	926 694
23 175 208	-	2 385 142	(8 233)	-	-	-	25 552 117	(4 655 666)	(3 417 091)	1 530	(8 071 227)	(1 713 827)	15 767 063

1 136 309 443	38 328 716	47 412 194	(8 233)	-	(43 054 595)	35 238 006	1 214 225 532	(227 270 564)	(41 928 899)	1 530	(269 197 934)	(1 713 827)	943 313 771
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KAGISANO-MOLOPO LOCAL MUNICIPALITY
APPENDIX A
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2014

Cost								Accumulated Depreciation				Impairment Losses	Carrying Value
Opening Balance		Additions	Disposals	Other Movements	Under Construction Capitalised	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals/ Other Movements	Closing Balance		
Cost	Under Construction												
R		R	R	R		R	R	R	R	R	R		R
Land													
Land													
846 688	-	-	-	-	-	-	846 688	-	-	-	-		846 688
846 688	-	-	-	-	-	-	846 688	-	-	-	-		846 688
Buildings													
Buildings													
35 705 205	-	-	-	-	-	-	35 705 205	(5 489 549)	(1 190 174)	-	(6 679 723)		29 025 482
Taxi Ranks													
349 560	-	-	-	-	-	-	349 560	(106 836)	(11 652)	-	(118 488)		231 072
36 054 765	-	-	-	-	-	-	36 054 765	(5 596 385)	(1 201 826)	-	(6 798 211)		29 256 554
Infrastructure													
Roads													
869 165 916	33 408 440	36 880 026	-	-	(36 880 026)	18 402 859	920 977 216	(150 481 947)	(30 227 855)	-	(180 709 803)		740 267 413
Electricity													
29 891 990	2 920 283	-	-	-	-	1 433 955	34 246 227	(5 709 452)	(1 141 890)	-	(6 851 342)		27 394 886
Network	36 328 723	36 880 026	-	-	(36 880 026)	19 836 814	955 223 443	(156 191 399)	(31 369 746)	-	(187 561 145)		767 662 299

KAGISANO-MOLOPO LOCAL MUNICIPALITY
APPENDIX A
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2014

	Cost							Accumulated Depreciation				Impairment Losses	Carrying Value
	Opening Balance	Additions	Disposals	Other Movements	Under Construction Capitalised	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals/ Other Movements	Closing Balance		
	Cost	Under Construction											
	R	R	R	R	R	R	R	R	R	R	R		R
Community Assets													
Parks & Gardens	43 750	-	-	-	-	-	43 750	(25 521)	(1 458)	-	(26 979)		16 771
Libraries	3 618 465	-	-	-	-	-	3 618 465	(663 385)	(120 616)	-	(784 001)		2 834 464
Recreation Grounds	2 386 200	1 249 956	1 249 956	-	-	(1 249 956)	1 123 255	4 759 410	(736 212)	(79 540)	-	(815 752)	3 943 658
Halls	85 948 590	14 418 776	11 558 535	-	-	(11 558 535)	14 490 459	114 857 825	(16 736 721)	(2 864 953)	-	(19 601 674)	95 256 151
Community Buildings	35 489 355	-	-	-	-	-	-	35 489 355	(5 844 159)	(1 182 979)	-	(7 027 137)	28 462 218
Cemeteries	-	362 250	-	-	-	-	207 000	569 250	-	-	-	-	569 250
	127 486 360	16 030 982	12 808 490	-	-	(12 808 490)	15 820 713	159 338 055	(24 005 997)	(4 249 545)	-	(28 255 543)	131 082 512
Other Assets													
Office Equipment	1 169 000	-	316 973	-	-	-	-	1 485 973	(153 652)	(195 856)	-	(349 508)	1 136 465
Furniture & Fittings	4 697 307	-	1 513 474	-	-	-	-	6 210 782	(362 951)	(643 306)	-	(1 006 257)	5 204 524
Machinery and Equipment	3 518 705	-	2 880 000	(190 000)	-	-	-	6 208 705	(842 869)	(523 991)	81 673	(1 285 187)	4 923 518
Official Vehicles	8 364 317	-	413 028	(2 923 126)	(389 932)	-	-	5 464 287	(2 388 423)	(776 908)	1 849 871	(1 315 460)	4 148 827
Computer Equipment	1 881 758	-	435 309	-	-	-	-	2 317 067	(177 833)	(265 407)	-	(443 240)	1 873 827
Other Assets	1 318 483	-	169 912	-	-	-	-	1 488 395	(91 445)	(164 568)	-	(256 013)	1 232 382
	20 949 571	-	5 728 696	(3 113 126)	(389 932)	-	23 175 208	(4 017 173)	(2 570 036)	1 931 544	(4 655 666)		18 519 543
GRAND TOTAL	1 084 395 290	52 359 705	55 417 212	(3 113 126)	(389 932)		35 657 528	1 174 638 160	(189 810 954)	(39 391 153)	1 931 544	(227 270 564)	947 367 596

KAGISANO-MOLOPO LOCAL MUNICIPALITY
APPENDIX B
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
for the year ended 30 June 2015

	Cost						Accumulated Depreciation				Impairment Losses	Carrying value			
	Opening Balance	Additions	Other Movements	Disposals	Under Construction Capitilised	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals			Closing Balance		
	Cost/WIP														
	R							R	R	R			R	R	R
Office of the Mayor	170 993	164 806	-	-			335 799	(30 906)	(32 171)	-	(63 077)	-	R 272 722		
Office of the Speaker	468 916	15 974	-	-			484 889	(34 410)	(89 311)	-	(123 721)	(152 790)	R 208 379		
Office of the Municipal Manager	318 019	143 662	-	-			461 681	(50 064)	(59 161)	-	(109 224)	(97 948)	R 254 508		
Office of Budget & Treasury	1 336 464	312 882	-	(8 233)			1 641 113	(328 927)	(255 739)	1 530	(583 136)	(188 826)	R 869 151		
Office of Corporate Services	15 426 063	69 466	-	-			15 495 529	(3 410 513)	(1 979 887)	-	(5 390 399)	(945 040)	R 9 160 089		
Office of Community Services	2 351 165	272 503	-	-			2 623 668	(431 857)	(367 717)	-	(799 574)	(71 237)	R 1 752 857		
Office of Technical Services	1 154 566 541	46 432 901	-	-	(43 054 595)	35 238 006	1 193 182 854	(222 983 887)	(39 144 915)	-	(262 128 802)	(257 986)	R 930 796 066		
Total	1 174 638 160	47 412 194	-	(8 233)	(43 054 595)	35 238 006	1 214 225 532	(227 270 564)	(41 928 899)	1 530	(269 197 933)	(1 713 827)	943 313 771		

KAGISANO-MOLOPO LOCAL MUNICIPALITY
APPENDIX C
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2015

2014	2014	2014	2014
REVENUE	EXPENSES	OTHER	Surplus / (Deficit)
R	R	R	R
2 884 678	7 543 231	-	(4 658 552)
4 121 380	11 744 989	-	(7 623 609)
1 202 796	4 678 591	-	(3 475 795)
24 917 942	16 476 240	865 516	7 576 186
7 160 315	19 042 433	295 152	(12 177 269)
36 720 798	6 976 886	-	29 743 912
46 585 302	62 565 992	-	(15 980 689)
123 593 211	129 028 361	1 160 667	(6 595 817)

Office of the Mayor
Office of the Speaker
Office of the Municipal Manager
Office of Budget & Treasury
Office of Corporate Services
Office of Community Services
Office of Technical Services
Total

2015	2015	2015	2015
REVENUE	EXPENSES	OTHER	Surplus / (Deficit)
R	R	R	R
50 658	7 446 632	-	(7 395 974)
-	14 662 164	-	(14 662 164)
-	4 438 058	-	(4 438 058)
77 089 377	27 796 563	(364 000)	49 656 814
-	27 729 457	(9 613)	(27 719 843)
23 212 748	5 411 526	-	17 801 221
25 395 221	64 683 912	-	(39 288 692)
125 748 004	152 168 313	(373 613)	(26 046 696)